

## Why Are Veterans and Servicemembers a Target?

You've probably already noticed the Payday Lenders, Pawn Shops, Title Loan businesses, and Check Cashing shops clustered around many military bases. These predatory lenders target servicemembers for very specific reasons:

- ◇ Sometimes lower-income earners run into tight budget situations. Many servicemembers fall into this category.
- ◇ You are vulnerable during times of deployment.
- ◇ You are easy to track down, which makes debt collection easier for the lender.
- ◇ Your military pay is steady income that could be subject to garnishment if you are taken to court after failing to pay back the loan.

## How Will This Help Me?

The Massachusetts Department of Veterans' Services and the Massachusetts Office of Consumer Affairs and Business Regulation encourage veterans and servicemembers to be vigilant and knowledgeable about their personal finances. You may be constantly targeted by predatory lenders and a poor credit history can affect you in different ways than civilians. This brochure is a guide to some financial basics: Credit, Banking, and Scam Awareness. There is too much information out there to fit into this short guide, so please [check out the Resources section](#) on the back page to learn more about these important subjects.

## Resources:

Comprehensive guide to benefits and programs for Veterans and their family members:

[www.massvetsadvisor.org](http://www.massvetsadvisor.org)

The Attorney General has put together a guide for veteran financial guidance, protection, and assistance:

[www.mass.gov/ago/veterans](http://www.mass.gov/ago/veterans)

Consumer Financial Protection Bureau Guide for Servicemembers:

[www.consumerfinance.gov/servicemembers/](http://www.consumerfinance.gov/servicemembers/)

Compilation of resources regarding veterans' laws and benefits in the areas of education, employment, housing, motor vehicles, property taxes, and medical assistance:

[www.sec.state.ma.us/cis/cisvet/vetidx.htm](http://www.sec.state.ma.us/cis/cisvet/vetidx.htm)

Legal Advocacy and Resource Center operates a free legal hotline that offers low-income individuals legal assistance and makes referrals to legal and social service agencies:

[www.larcma.org](http://www.larcma.org) or call (617) 603-1700

Information on the Servicemembers' Civil Relief Act, which contains protections for servicemembers pertaining to credit card debt, interests rates, and more.

[www.justice.gov/crt/spec\\_topics/military/scra.php](http://www.justice.gov/crt/spec_topics/military/scra.php)

**Financial counseling is available if you get into trouble. Here are some places available to you:**

Financial education and counseling by and for veterans:

[www.veteransplus.org](http://www.veteransplus.org) or call (888)395-6632

Find an approved consumer credit counseling service close to you at the National Foundation for Credit Counseling:

[www.nfcc.org](http://www.nfcc.org) or call (800) 388-2227

*Department of Veterans' Services:*

[www.mass.gov/veterans](http://www.mass.gov/veterans)

*Office of Consumer Affairs & Business Regulation:*

[www.mass.gov/consumer](http://www.mass.gov/consumer)



## A Brief Guide to Personal Finances for Veterans and Servicemembers



**Commonwealth of Massachusetts**

Governor Deval Patrick

**Department of Veterans' Services**

Secretary Coleman Nee

**Office of Consumer Affairs and Business Regulation**

Undersecretary Barbara Anthony

**Consumer Hotline:**

**(617) 973-8787**

**Toll free: (888) 283-3757**

## Credit and Debt

Your credit score is your financial report card. Your credit history indicates the likelihood you will make payments on-time and in full.

Poor credit can especially hurt servicemembers. The Security Clearance Manual states that clearance can be denied or revoked due to consistent spending beyond one's means, which may be indicated by poor credit. This could affect your future career advancement. Poor credit can also affect readiness if a servicemember is unprepared financially for a move. Poor credit can keep you from obtaining a future mortgage, small business loan, student loans, housing, or even employment.

Here are some tips to maintain your credit:

### ***Make payments on time!***

- ◇ Even one missed payment can affect your credit.
- ◇ Avoid taking out new loans to pay for old loans. You'll still pay it back, paying interest on interest.
- ◇ Contact a lender if you're having trouble making payments. They may extend your deadline or allow you to make smaller payments.

### ***Be smart about credit cards!***

- ◇ A purchase can cost you much more than the original price if you carry the balance on your card.
- ◇ Interest builds up fast! Try to pay as much of your credit card bill as possible each month to reduce the amount of interest you'll be charged.

### ***Check your credit report every year!***

- ◇ You are entitled to receive your credit report free once per year from each credit reporting agency. Go to: [annualcreditreport.com](http://annualcreditreport.com).
- ◇ To correct inaccuracies in your credit report, contact one of the credit reporting agencies:

Equifax:  
800-685-1111

Experian:  
888-397-3742

TransUnion:  
800-916-8800

## Banking

Banking is one of the most important consumer services. The military requires all personnel to have a bank account because they deposit your paycheck directly into your account.

There are two basic types of accounts, a checking account and a savings account. A checking account allows you to write checks and possibly a debit card. A savings account provides consumers a safe way to save money. Some people have both, but most people have at least one, and you should, too. Here's why:

- ◇ ***Save money cashing checks:*** You can save money when you cash checks. Banks do not charge extra to deposit checks into your account, but check cashers charge a lot of fees!
- ◇ ***Save money safely:*** Banks accounts are usually insured up to a \$250,000, which means the federal government will give you your money if the bank cannot. That protects you from theft from the bank and natural disasters.
- ◇ ***Earn interest:*** These accounts often earn interest, so the banks give you a percentage of the amount in the account every month.
- ◇ ***Build a relationship:*** A relationship with a bank can help you get a loan if you need it in the future – once the bank knows you as a regular customer, it may be more likely to give you a loan for big purchases, such as a refrigerator, a car loan, or even a mortgage for a house.
- ◇ ***Get cash from ATMs:*** You can get cash from ATMs around the world with your debit card or ATM card that most banks give you for free that connects to your account.

Also, ask your bank if it has military-specific banking options or special account benefits.

For more information on banking and accounts:  
[www.mass.gov/bankonit](http://www.mass.gov/bankonit)

## Scam Awareness

Protect yourself from scams by doing your homework. Here's a good guideline to follow: If it seems too good to be true, it probably is.

Unfortunately, veterans and servicemembers are often the targets of scams. Here are some common scams to watch out for:

***Predatory Lending/Payday Loans:*** You borrow a small amount of money for a short time with a very high interest rate and significant fees. You end up paying a lot to get *your* money. Instead, get a small loan with longer deadlines and lower interest from a bank, credit union, or other financial institution.

***For-profit Schools/Student Loans:*** Many people are looking for jobs, but some schools overinflate graduation and job placement rates. Instead, check out community colleges for cheaper, similar programs. Keep track of your GI Bill benefits—they run out! And check to see if there are job openings in your field.

***Debt Relief Services Scams:*** Some companies claim they can wipe out debt, but they often require you to declare bankruptcy, which affects how you can get credit in the future. Instead, try to work out an alternative repayment plan with your creditors or contact a local credit counseling service to help figure out your finances.

***Affinity Marketing:*** Some companies try to make veterans and service members believe they offer government benefits, that they are government sponsored, or even that they are a branch of the government. They often use words or symbols that resemble those of the military or the government. You should find out more about the company before you give them personal information. Ask them to send you written information or even contact the government for confirmation that the company is real.

For more information on scams and how to avoid them:  
[www.consumerfinance.gov/servicemembers/protecting](http://www.consumerfinance.gov/servicemembers/protecting)